



markwestcsd.org

Mark West Area
Community Services Committee

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September 7, 2007

Commissioner John Bohn
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA. 94102

Re: Application Nos. A.07-01-036 – 039, California American Water Larkfield/Sacramento rate consolidation proposal

Commissioner Bohn:

This letter is in response to the August 13, 2007, letter from California American Water Company on the subject of their proposal to consolidate their Larkfield District with their Sacramento District for ratemaking purposes.

The Mark West Area Community Services Committee (MWACSC) is identified as a “small but vocal group” in the letter from the California American Water Company.

Since Cal-Am has chosen to bypass the Rate Case process by communicating directly with members of the Commission, the MWACSC has concluded that it must respond to the claims being made. Please give consideration to the following rebuttal:

1. Cal-Am’s “cost sharing” proposal is not a cost sharing proposal at all, but is a subsidy proposal whereby nearly 2 million dollars of the annual cost of operating the Larkfield water system would be transferred to Sacramento ratepayers. The proposed decrease in the Larkfield revenue requirement is exactly equal to the proposed increase in the Sacramento revenue requirement. Under cross examination, Cal-Am’s own witness, Mr. David P. Stephenson admitted that there are no quantifiable benefits to Sacramento ratepayers under this proposal. (Tr. 0701036_060407_Vol 4. pp 158 & 159)
2. The MWACSC was appointed by Sonoma County Supervisor Paul Kelley to study the feasibility of forming a Community Services District to offer a variety of community services, including delivery of water, to the Mark West Area. The MWACSC has been given support by the Sonoma County Board of Supervisors. Furthermore, Supervisor Paul Kelley has provided a letter opposing consolidation with Sacramento.
3. By letter to you, dated July 22, 2007, State Senators Carole Migden and Patricia Wiggins and State Assembly Member Patty Berg voiced their opposition to the consolidation proposal on the grounds that it was not in the public interest and to require some ratepayers to subsidize other ratepayers was not good public policy. The legislators also expressed the opinion that consolidation could hamper the MWACSC’s efforts to acquire the water system.
4. This is the third time Cal-Am has requested authority to consolidate its Larkfield District with its

Sacramento District for ratemaking purposes. On two previous occasions in decision D.04-05-023 and D.05-09-020 the proposal has been rejected by the Commission because the two districts do not meet established Commission guidelines for consolidation of districts. By Cal-Am's own admission their consolidation proposal does not conform to current Commission policy, standard, rule or practice. Commission findings in Decision D.05-09-020 remain relevant for this rate case.

The second action of the sixth objective of the Water action Plan states: "Any subsidies will be explicit so that customers are aware of the Commission's policy and the impact of that policy on rates." Cal-Am has not been explicit in promoting their consolidation proposal. To the contrary, Cal-Am has taken steps to avoid the true nature of the proposal from the ratepayers, especially those residing in Sacramento.

5. Every household in the Larkfield district has been contacted a minimum of 9 times by Cal-Am seeking support for their "cost sharing" proposal. This contact has been in the form of six glossy mailers and three canvasses of the entire Larkfield community by hired canvassers. By contrast, there is no evidence that the Sacramento ratepayers have been contacted individually and invited to express their views on the "cost sharing" proposal. Sacramento ratepayers have not been given equal consideration in promoting the "cost sharing" proposal.

Two examples of the information provided to Larkfield ratepayers are included. Attachment A is a card that was mailed to Larkfield ratepayers prior to the April 17, 2007, Larkfield PPH. Attachment B is a copy of a flyer that was distributed by canvassers during a canvass of the entire Larkfield Community during the weekend of August 25 and 26, 2007. This canvass was carried out under the guise of distributing conservation materials and information.

6. At the Larkfield Public Participation Hearing on April 17, 2007, over 100 people were in attendance. ALJ Linda Rochester allowed those present in opposition of consolidation to indicate so. ALJ Rochester noted in the official record that approximately 98% of those present were opposed.
7. Cal-Am has provided the CPUC with two bundles of signatures gathered by canvassers during two canvasses of the entire Larkfield community. The latter canvass was conducted near the end of June 2007, which was after the close of the evidentiary hearings for the current rate case. The 444 postcard responses are the result of that canvass. The canvassers also distributed a flyer that is similar to page one of Exhibit B (Attached)

Since these signatures were solicited, gathered and submitted after the conclusion of the evidentiary phase of the current rate case, there has been no opportunity to develop, for the record, the authenticity of the signatures or the information provided to solicit signatures. Further, there has been no opportunity for an independent analysis of whether the information provided was biased.

The MWACSC can attest that many of the people signing the petitions and cards did so with a very limited understanding of the complexity of the consolidation proposal. Their response to a 40% rate decrease only signifies that they believe that their rates are too high and are in favor of a rate decrease. None of these rate payers understand the negative ramifications of the proposed consolidation with Sacramento.

8. A letter from one business representative and three signs displayed on shopping center property should not be construed as a statement for the entire community.
9. The web site that is referenced conveys the broad assumption that the California Public Utilities Commission has already made the decision to choose between two options.
10. The letter from Cal-Am contains an emphasis on the conversations that have been initiated with the Larkfield-area customers. However, please note that Mr. Michael Allen, District Director for state Senator Patricia Wiggins, is an experienced mediator and has offered to mediate a meeting

between the MWACSC and Cal-Am on several occasions. To date, Cal-Am has not responded to any of Mr. Allen's invitations to meet.

11. At the request of Cal-Am, references to district formation were stricken by ALJ Linda Rochester on the grounds that district formation was not within the scope of the current rate case. The letter from Cal-Am attempts to reintroduce the subject of district formation even though it has been ruled to be beyond the scope of this rate case.

The MWACSC would like to emphasize that it does not believe that public opinion has been accurately measured. Cal-Am's reference to "cost sharing" avoids the fact that the Sacramento ratepayers would subsidize the Larkfield ratepayers if the plan were to be approved.

The members of the Mark West area Community Services Committee urge you and the other members of the California Public Utilities Commission to recognize that the August 13, 2007, letter from Paul Townsley and Kent Turner bypasses the rate case process and presents new evidence that is not a part of the record.

Thank you for your consideration.

Sincerely,

The Mark West Area Community Services Committee,

Daryl J. Anderson

James J. Bajgrowicz

James M. Boulter

Peter J. Lescure

Douglas A. Williams

Cc: Comm. Michael R. Peevey
Comm. Dian Grueneich
Comm. Rachelle Chong
Comm. Timothy Allen Simon
Administrative Law Judge Linda Rochester

Sonoma County Supervisor Paul Kelley
State Senator Carole Migden
State Senator Patricia Wiggins
State Assembly Member Patty Berg
Mark West Chamber of Commerce

ATTACHMENT A

You are invited to the California Public Utilities Commission hearing on the California American Water Larkfield Cost Sharing Proposal – the recently filed rate change application that may reduce your water bill.

On January 22, California American Water filed a rate change application with the California Public Utilities Commission for the 2008-2010 period. If this plan is approved, average water user bills will be reduced by \$23 per month, lowering your water bill by an average of about 40%.

This is your chance to be heard. Voice your opinions and find out more details on the proposed rate change and Cost Sharing between the Larkfield-Wikkiup area and Sacramento-area districts; especially what this means to those on a fixed income.

For more information call (707) 542-8329 or email larkfield@amwater.com. California American Water staff are available to answer any questions you may have.

No RSVP is necessary. This hearing is open to all customers.

For more information about California American Water visit us on the web at www.larkfieldwaterfacts.com.



California American Water
640 Larkfield Center
Santa Rosa, CA 95403



Presorted
1st Class Mail
US Postage
PAID
SMI

**Not paid for at ratepayer expense.*



Join us in support of reduced water rates.

Let your VOICE be heard!

California American Water invites you to join us on Tuesday, April 17 for the California Public Utilities Commission hearing on our 2008-2010 proposed rate change. If approved, it may reduce your water bill by an average of about 40%.

This is the chance to voice your opinion to the commissioners who set your water rates.

What: California Public Utilities Commission Hearing on the California American Water Larkfield Cost Sharing Proposal

Where: Tuesday April 17, 7:00pm

When: John B. Riebli Elementary School
School Auditorium
315 Mark West Springs Road
Santa Rosa, CA 95404



ATTACHMENT B

Lower Your Water Bill

40%

Think about what you pay for water service.
Would you rather pay 40% less or 52% more?

In 2008, your water rates will change. With your involvement, the California Public Utilities Commission (CPUC) could lower your bill by 40%; without your involvement, you could pay as much as 52% more for your water service next year.

It takes just three minutes to tell the CPUC you support our Cost Sharing Proposal to lower your water bill by 40%.

WRITE: A brief letter and express your support of the **COST SHARING PLAN** (Case #A.07-01-037) between California American Water's Larkfield and Sacramento districts.

Mail the letter to the Public Advisor – Case # A.07-01-037
500 Van Ness Avenue, San Francisco, CA 94102

EMAIL: In support of the COST SHARING PLAN (Case # A.07-01-037) for Larkfield to the Public Advisor's Office public.advisor@cpuc.ca.gov

CALL: The Public Advisor's office to voice your support for the COST SHARING PLAN (Case #A.07-01-037) at **(866) 849-8390**. Leaving a message on the phone that as a customer, you support the COST SHARING PLAN proposed by California American Water.

www.LarkfieldWaterFacts.com



Printed on
recycled paper



California
American Water

Not paid for at customers' expense

Hundreds in Larkfield Support The Cost Sharing Proposal

40% Lower Rates

vs.

52% HIGHER?

Join the movement to lower water rates.

Over the past month, hundreds of residents of Larkfield told the California Public Utilities Commission (CPUC) they support California American Water's Cost Sharing Proposal. Cost Sharing would lower your bill by sharing the cost of water service with a larger group of customers in Sacramento.

The Cost Sharing Proposal makes sense to our Larkfield customers:

"We're paying too much for water relative to our size, and would like a reduction."

"I am in favor of this plan."

"We'd like to pay less for our water so we would like for CalAm to merge with Sacramento."

"My wife and I are both retired and find it hard to pay the water bill. Lower rates would help us."

"Keep our rates as low as possible...we're doing our part to conserve."

"We are very supportive of this request."

"I support my local water co.-Leave it alone!"

"...I support any ideas which reduce rates and save water."

Is there any reason not to support the Cost Sharing Proposal?

Some people think so. But the facts say it just makes sense to support the Cost Sharing Plan which could lower your water bill. The Cost Sharing Plan changes nothing except the rates you pay. The same local team of water professionals will manage your water service from the local offices in the Larkfield Center.

'I am in favor of this plan.' How about you?

See what you can save, then let your voice be heard.

VISIT

www.LarkfieldWaterFacts.com

TODAY